

## AUSTRIA WILL PAY INDEMNITY BUT DENIES RESPONSIBILITY

### REPLY TO SECOND AMERICAN NOTE IS ADMISSION ON ONE HAND, DENIAL ON THE OTHER

LONDON, Dec. 31.—The Austrian note, while announcing the willingness of the Austro-Hungarian government to pay an indemnity for the American victims of the Ancona, declares that the government "cannot admit responsibility for damage caused by the justifiable firing on the fleeing vessel or by the capsizing of the boats before the torpedo was fired."

The reply also states that the commander of the Austrian submarine has been punished for not sufficiently taking account of the panic aboard the Ancona, which rendered disembarkation more difficult.

The Austrian reply further expresses the hope that Washington will be able to supply the particulars of how the American citizens were effected, but in the event of such evidence being lacking and the United States being unable to state how the American citizens came to their death, the Austro-Hungarian government "will be ready to pay an indemnity for damages, whose proximate cause cannot be fixed and hopes thereby that the incident will be regarded as ended."

#### Text of the Reply

LONDON, Dec. 31.—The reply of the Austrian government to the second American note on the sinking of the steamship Ancona, with the loss of American lives, is forwarded to Reuters by telegraph from Vienna by way of Amsterdam. The note says:

"In reply to the second American Ancona note, the Austro-Hungarian government fully agrees with the Washington cabinet that the sacred laws of humanity should be taken into account also in war, and emphasizes that it, in the course of this war, has given numerous proofs of the most humane feelings."

"The Austro-Hungarian government, too, can positively concur in the principle that enemy private vessels, so far as they do not fly or offer resistance, shall not be destroyed before the persons aboard are secured."

"The assurance that the United States government attaches value to the maintenance of the existing good relations between Austria-Hungary and the United States is warmly reciprocated by the Austro-Hungarian government, which now, as heretofore, is anxious to render these relations still more cordial."

The Austro-Hungarian government then communicates the results of the inquiry into the sinking of the Ancona, which was recently concluded.

The inquiry showed that the commander of the submarine from a great distance, in the first instance, fired a warning shot on the steamer, which at 11:40 in the forenoon, which he at first believed to be a transport steamer, at the same time giving a signal for the vessel to stop. As the steamer failed to stop and tried to escape, the submarine gave chase and fired sixteen shells at the steamer, of which three were observed to hit. The steamer only stopped after the third hit, whereupon the commander ceased firing.

During the flight, it is declared, when at full speed, the steamer dropped several boats filled with people, which at once capsized. After the steamer stopped, the commander of the submarine observed that six boats were fully manned and they speedily rowed away from the steamer.

Approaching nearer, the commander of the submarine saw that a great panic prevailed aboard the steamer and that he had before him the passenger vessel Ancona, on account of which he gave those aboard more time than was necessary to leave the vessel in lifeboats. At least ten lifeboats were still aboard, which would have more than sufficed to rescue the persons still on the vessel, but as no other preparations were made to hoist out the boats, the commander decided, after the expiration of forty-five minutes to torpedo the vessel in such manner that it ought to remain afloat for a still longer time, in order to leave sufficient opportunity for the people still aboard to be rescued.

Shortly afterward a steamer became visible, which steamed toward the submarine. As the commander of the submarine, who believed the steamer to be an enemy cruiser, had to reckon with an attack, he submerged at 12:25, firing a torpedo into the foremost corner of the Ancona. No more boats aboard the vessel were observed, although persons were still visible aboard.

The steamer sank so slowly that the submarine commander at first doubted whether the steamer would sink, only at 1:29 o'clock did it sink, bow first.

During these further 45 minutes, it is asserted, all the persons aboard could have easily been saved with the available boats. Even the circumstances that this did not occur, the commander concluded that the crew, contrary to all the rules of the sea, accomplished their own rescue in the first boats and left the passengers to themselves.

The entire loss of life, the note says, cannot be attributable to the first instance to the sinking of the vessel, but in some degree to the dropping of the first boats while the steamer was proceeding at full speed, and to the fact that the crew only thought of their own safety and did not rescue the passengers from the capsized boats, though also to the shells which hit the fleeing vessel, but the death of the persons drowned with the sinking vessel must, after all, be ascribed to the culpable behavior of the crew.

The Austrian reply then states that (Continued on Page Two)

### NO DANGER NOW OF BREAK OVER ANCONA SINKING

[Republican A. P. Leased Wire]  
WASHINGTON, Dec. 30.—Danger of a break in diplomatic relations between the United States and Austria-Hungary over the sinking of the liner Ancona probably has been cleared away if the official text of Austria's reply to the second American note conforms to press dispatches from London saying the communication announces that the submarine commander who torpedoed the steamer has been punished.

The cable press translation of the note reached Washington tonight too late to be seen by high officials of the government and a dispatch received earlier in the day from Ambassador Penfield merely said the note had been received and gave no intimation as to its nature.

Punishment of the submarine commander for failure to take into account the panic prevailing aboard the Ancona before torpedoing the vessel, apparently meets the principal American demand. In effect it might be regarded as a withdrawal of the net and assurance that an incident for which one of the great powers was punished would not happen again might be taken for granted. The remaining demand that reparation be payment of indemnity (Continued on Page Twelve)



Frederick C. Penfield.

## ENTENTE ALLIES SUCCEED IN MAKING TWO MORE LANDINGS

[Republican A. P. Leased Wire]  
LONDON, Dec. 30.—Two new landings by the entente allies in the Near East are reported today. The British have transferred some troops from Saloniki to Orontes, a small Greek port sixty miles east of Saloniki, with the intention of thus checking any possibility of a hostile advance from this quarter. The second landing was made by the French on the Greek island of Categorio, off the southeast coast of Asia Minor, not far from the important seaport of Adalia.

An Athens dispatch says that the occupation of Adalia is the object of the landing. A railway runs north of Adalia and there is evidence of a strong entente force would menace the communications of any hostile force operating against Egypt or the lower Tigris region.

These movements indicate that the entente allies' positions around Saloniki are now considered serious, and indicate that the campaign around Saloniki will develop into a long drawn out warfare as on other fronts.

Rome reports that the central powers have begun a general withdrawal from the entire Macedonian front, owing to the serious Russian campaign in Bessarabia, but this lacks confirmation.

In the entente capitals, however, there is a general opinion that the Russian campaign in Bessarabia, which has been undertaken in the face of unfavorable weather conditions, is likely to have an important bearing on the war. According to one version, Russia's new move is the forerunner of the impending Rumanian entry into the war on the side of the entente allies.

The Fall Mail Gazette's Russian correspondent writes: "Russian joint operations with Rumania are on the point of beginning. Rumania will fight with us, although not for us, her siding with the entente is not the result of French or English sympathies, but an endeavor to realize the Rumanian dream of sovereignty over Bukovina and Transylvania. As preparation for Rumania's entry into the war, Russia's aim is to reconquer Bukovina for the benefit of her new ally. This task can be accomplished in a few weeks."

"The Rumanians then will fortify the new province and march with the Russians through Bulgaria and Transylvania while simultaneously the Italians, French, British and Serbians will deal blows on other fronts."

### DYNAMITE FOR SALVATION ARMY

[Republican A. P. Leased Wire]  
BUTTE, Dec. 30.—Argument over an alleged shortage in the returns from a "boiling pot" for the Salvation Army's Christmas celebration is believed by Chief of Police Murphy to have caused William Peterson to wreck with ten sticks of dynamite the Salvation Army Hall here early today. The explosion shattered windows for a block on either side of the hall. No one was injured.

Peterson was arrested later on information given the police by John Kelly, his room mate. The prisoner, Kelly told the police, came here several weeks ago and joined the Salvationists. Later he had been making threats against the army. Kelly said, and tried to stop contributions by merchants of toys and gifts for the Army's Christmas celebration.

### PROGRESSIVES DEPOSE HEINER

[Republican A. P. Leased Wire]  
SALT LAKE CITY, Dec. 30.—The members of the progressive state committee today deposed Moroni Heiner, member of the progressive national convention for Utah, and elected in his stead A. T. Moon. Formal charges were made that Heiner was out of sympathy with the party and that he had taken no part whatever in the campaign of a year ago. The vote by which Heiner was ousted was eight to seven. The Heiner supporters left the meeting when the vote was announced.

The state committee passed resolutions endorsing Theodore Roosevelt and Governor Hiram Johnson of California for the presidency. They also voted to maintain their party organization and put progressive tickets in the field next fall.

### LESS ACREAGE BETTER CROPS

[Republican A. P. Leased Wire]  
TOMPKA, Kan., Dec. 30.—In an average estimated to be less per acre less than ever before, the condition of wheat in Kansas is five per cent better than in December, 1914, according to the report of J. C. Mohler, secretary of the state board of agriculture.

The 1,500 correspondents of the state board report an estimated average of 8,454,000 bushels, compared with 8,400,000 in 1914. This is the third highest acreage in the state's history, being exceeded only in 1913, and 1914, according to the report. The general average condition is 83.5, which is 10 per cent higher than last year.

### TO DEVELOP MINERAL LAND

[Republican A. P. Leased Wire]  
WASHINGTON, Dec. 30.—Drafting of the administration bill for development of mineral resources on public lands practically was completed tonight by the house public lands committee. The provision as to preferential treatment of locators on the oil lands in the San Joaquin valley, California, was agreed to substantially as it passed the house in the last session, but this part of the bill is subject to committee hearings of the oil locators later. Representatives of the oil companies who have claims on these lands valued at many millions of dollars are expected to urge before the committee that there must be a greater measure of relief than is provided in these provisions.

### MANY SUPPORTERS FOR MR. ASQUITH

[Republican A. P. Leased Wire]  
LONDON, Dec. 30.—There are indications that Premier Asquith will find many supporters of his campaign scheme among the laborers. An unofficial report of today's labor conference says:

"The details of Lord Derby's recruiting report were submitted at the meeting, together with a general outline of the cabinet's proposals for a bill to meet the situation. The number of men of military age who remain untested took the conference by surprise and they were no less surprised by Henderson's description of the methods by which the government proposes to bring about compulsory service."

### PRIZE COURT TAKES CARGO

[Republican A. P. Leased Wire]  
LONDON, Dec. 30.—The Norwegian steamer Slava, which sailed from New York December 11, for Gotthenburg, has been ordered to discharge part of her cargo for the prize court.

The Danish steamer Laura Maersk and the Norwegian steamer Terle Viken, which had been held, have been released.

The last report of the Laura Maersk shows her sailing from Savannah, November 29 for Aarhus. The Terle Viken left New Orleans November 26 and Newport News December 7 for Christiania and Gotthenburg.

WEATHER TODAY  
WASHINGTON, Dec. 30.—For Arizona: Friday, snow north, rain south; Saturday, unsettled, rain or snow east portion, colder east and south portions.

## SCHMIDT GUILTY AND ANOTHER CHAPTER ENDS IN TIMES DYNAMITING

### Accomplice of James B. McNamara Is Convicted of Murder in First Degree and Punishment Fixed at Life Imprisonment

[Republican A. P. Leased Wire]  
LOS ANGELES, Dec. 30.—Matthew A. Schmidt was convicted tonight of first degree murder, as the accomplice of James B. McNamara in the blowing up of the Los Angeles Times building here five years ago.

Schmidt was convicted on the specific charge of having murdered Charles Hickey, one of the twenty victims of the Times explosion. The jury was out forty-six minutes.

The jury fixed Schmidt's punishment at imprisonment for life, the same penalty imposed on James B. McNamara after the latter had confessed in court four years ago that he placed the bombs which blew up the newspaper plant.

David Caplan, another alleged accomplice of McNamara, who was arrested for the same crime, was acquitted after Schmidt had been taken into custody in New York in jail awaiting trial also on the charge of having murdered Charles Hickey.

Schmidt heard the verdict without show of emotion. His sister, Miss Katherine Schmidt of Chicago, who had been weeping most of the day while attorneys argued for the life of her brother, also received the judgment of the jury with calmness.

Time for the imposition of sentence on Schmidt was fixed for next Monday, but he counsel will then interpose motion for a new trial, and it was agreed that argument on this motion would be heard January 12.

Nathan Goodrich, Schmidt's chief counsel, said if motion for new trial is denied the case would be carried to the highest courts.

Members of the jury said that three ballots were taken, on two the first ballot eleven to one for conviction. There was no question in the minds of the jury members of the panel stated, that Schmidt not only had purchased from the Giant Powder company, of San Francisco the 500 pounds of so-called nitroglycerine from which James B. McNamara made the twenty-pound bomb which blew up the TIMES building but that he had counseled, aided and abetted McNamara in carrying out the plan that resulted in the killing of a score of men.

After the verdict had been announced, Chief A. T. Weston, secretary-treasurer of the California State Building Trades Council, who had been named prominently in the testimony, loudly declared that the result meant industrial war in Los Angeles.

"Send word to Lincoln Steffens," he said, "that the golden rule is dead. There will be a ten years war in Los Angeles. They will pay for this."

Lincoln Steffens played a prominent part in the sensational close of the trial of the McNamara brothers, James and John, in November 1911, when the accused dynamite conspirators pleaded guilty after two juries and a detective employed by the defense, had been arrested and admitted burglar brothers.

Steffens was active in bringing about the conference between attorneys for the McNamara brothers and representatives of the district attorneys which resulted in the pleas of guilty by James and John McNamara, and thus secured on the part of the district attorneys, to ask the court for clemency in fixing sentence.

James McNamara confessed to the (Continued on Page Three)

### HAD MOULDS; DENIES BEING COUNTERFEITER

FRESNO, Dec. 30.—W. N. Shirley was arrested at the county jail today when he went to visit two prisoners arrested yesterday for having a counterfeiters' mould in their possession. Shirley made a confession in which he said they had manufactured their plates at 501 Center Avenue, Stockton. He said no money had been made.

## FAIRBANKS IS ENDORSED FOR THE PRESIDENCY

### Is Indiana's Choice for Republican Nomination for President and Kentucky Delegation Is Pledged for Him

[Republican A. P. Leased Wire]  
INDIANAPOLIS, Dec. 30.—Former Vice President Charles W. Fairbanks was endorsed at a large feast here today as Indiana's choice for the republican nomination for president and at the same meeting, which filled the largest theater in the state, Edwin P. Morrow pledged him the solid delegation from Kentucky to the National convention at Chicago next June.

Mr. Fairbanks was given a ovation when he responded to an invitation to speak after his name had been proposed for the presidential nomination by Edwin P. Morrow of Kentucky.

"The people have tried democracy," said Mr. Fairbanks, when the enthusiastic crowd had quieted sufficiently for him to begin, "and democracy has tried them. The result has been a two-folded, combined party of opposition. There is no divided republicanism here, we are united as of old."

His speech was very brief but he dealt vigorously with the leading questions. He urged the necessity of not only adequate national preparedness against hostile invasion, but also adequate national protection against industrial invasion. In suggesting a platform for the republicans in 1916, Mr. Fairbanks said:

"We must maintain a foreign policy just and firm. We must make adequate preparation on land and sea for national defense measured by our national needs. We must adopt a protective tariff measure which shall safeguard our industries and supplement the resources of the public treasury, and guard against inflation at the end of the European war. We must proceed to adopt a broad, enlightened policy for extending American markets, particularly into the Orient and in South America. We must put a great merchant marine on the seas which will give us a vast carrying trade into the markets of the world. Above all, there must be prosperity and high living standards for American workers."

Referring to the Democratic party, the former vice president said:

"We are opposed to a great many (Continued on Page Two)

## THREE STATES GO DRY TODAY AT MIDNIGHT

Washington, Oregon and Idaho Under the Ban of Prohibition Though Two Former Have Some Personal Privilege Clauses

### CALIFORNIA IS MECCA FOR ALL

In Washington and Oregon Small Quantities May Be Shipped In for Family Use But Under Rigid Restrictions

[Republican A. P. Leased Wire]  
SEATTLE, Dec. 30.—At midnight tomorrow night the sale and manufacture of intoxicating liquors in the state of Washington will cease under the initiative law ratified in November, 1913. Within ten days all liquor stored at midnight December 31 must have been shipped outside the state and all liquor signs removed.

Residents of Washington must purchase from dealers outside the state two quarts of spirituous liquor or twelve quarts of beer each twenty days, but with much inconvenience, expense and publicity. Enforcement of the law rests not alone with the police and public prosecutor, for any citizen may cause search of a building suspected of containing liquor. Owners and lessees of buildings will be held liable for sale or storage of liquor therein.

Having received nearly fourteen months' notice, liquor dealers and manufacturers have arranged to go into other business or leave the state. Some wholesalers have opened offices in California and expect to do a large business. With residents of Washington, many retailers will conduct liquor rooms and soft drink counters, hoping to hold their old patrons.

Stocks of liquors in Seattle have been well cleared up and saloons will begin with only stocks enough to carry them through the day. It is unlikely that dealers will give liquor away. Some saloons will close early in the night; others will admit only old patrons. Hotel dining rooms and cafes where music is provided will have the usual New Year's eve crowds.

It is expected that citizens will be permitted to use up liquor now in their homes and that newspapers and magazines publishing liquor advertisements will not be seized until the publishers have been notified that they are violating the law.

Selling Out in Oregon  
PORTLAND, Dec. 30.—Prospects tonight were that the stocks of liquor, wholesale and retail in Portland and other cities of Oregon would be nearly if not entirely exhausted by midnight Friday, when the prohibition law is to become effective.

Heavy supplies of liquors for private consumption have been laid in by individuals. Under the law there is no restriction upon the amount of liquor one may possess in his home, if he can show that it was purchased prior to the date when the law became effective.

Hereafter under the law each family may import for personal use a maximum of two quarts of spirituous or vinous liquors or (not and) 24 quarts of malt liquor in any period of four (Continued on Page Three)

## Commission Urges People To Investigate Paving

Believing that the question of street paving is today the liveliest issue in Phoenix and as such is the most generally misrepresented and surprisingly misunderstood, the city commission has addressed an open letter to the citizens of Phoenix suggesting that meetings be held in the various paving districts for the purpose of conferring with representatives of the various paving concerns, ascertaining the nature of the several classes of paving already made official by city ordinance, securing figures as to the maximum cost of laying these various classes and possessing themselves of such other information as are material to a complete understanding of the paving problem. For some time the commission has been endeavoring to promote paving in this city, not only because of the extreme need for better streets, as indicated by the condition of the unpaved thoroughfares at present following the rainfall of the past twenty-four hours, but because of the employment the work would furnish to hundreds of needy men with families to support.

It is the opinion of the commissioners that they would be less protesting against paving if the situation were thoroughly understood by the citizens generally. It is not the sentiment of the commission that laying at high cost is necessary for the needs of the residential districts. To the end that some class of paving may be found that will meet the requirements at a minimum of cost, the commission has adopted no less than nine different specifications as official and any of these may now be laid in any of the districts. It is a matter for the property owners to decide just which of these classes seems best suited to the needs and the pocketbooks.

Then, too, there is no desire on the part of the commission to force paving upon any district where more than fifty-one per cent of the property owners are opposed to paying for one reason or another. Such meetings are proposed, the commissioners feel, will place the paving matter strictly up to the people who will pay for it when laid.

The Republican on December 7 presented a very comprehensive review of the paving situation, the result of exhaustive research and correspondence with cities in every part of the United States. A full page was devoted to the subject. At that time there were slight classes of paving designated as official (Continued on Page Three)

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## Fifth Annual Bargain Offer Now Open

**\$5 ONE YEAR**  
**7 Days a Week**  
**\$5 Every Morning**

The Republican is the only newspaper in Arizona receiving the FULL ASSOCIATED PRESS REPORT, and the only paper using a leased wire for its telegraphic report.

You are entitled to the best. Mail that \$5.00 to the Republican today—offer good only once each year.